

**MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY**

The Board of Directors (the "Board") of The University of Texas Investment Management Company (the "Corporation") convened in an open meeting on the 19th day of February, 2002, in the John Neely Bryan Room, at the Adolphus Hotel, 1321 Commerce Street, Dallas, Texas, said meeting having been called by the Chairman, A. W. "Dub" Riter, Jr., with notice provided to each member in accordance with the Bylaws.

Participating in the meeting were the following members of the Board:

A.W. "Dub" Riter, Jr., Chairman
J. Luther King, Jr., Vice-Chairman
R. D. Burck
Susan M. Byrne
Rita C. Clements
Woody L. Hunt
John D. McStay
R. H. (Steve) Stevens, Jr.

thus, constituting a majority and quorum of the Board. Director L. Lowry Mays was not present at the meeting. Also, participating in the meeting was Cathy Iberg, Interim President of the Corporation; Christy Wallace, Interim Secretary of the Corporation; Greg Cox, REIT Portfolio Manager of the Corporation; and Jerry Turner, legal counsel for the Corporation. Mr. Riter called the meeting to order at 10:00 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each Director or distributed at the meeting.

Minutes

The first matter to come before the Board was approval of the minutes of the meetings of the Board of Directors held on December 12-13, 2001, and February 12, 2002. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the meetings of the Board of Directors held on December 12-13, 2001, and February 12, 2002, be and are hereby approved.

Performance Review

Ms. Iberg reported on the performance of the assets under the Corporation's management for the periods ended January 31, 2002. The net performance for the three-month period ended January 31, 2002, for the Permanent University Fund (PUF), Permanent Health Fund (PHF) and Long Term Fund (LTF) were 2.27%, 3.11%, and 3.15%, respectively. The net performance for fiscal year-to-date ended January 31, 2002, for the PUF, PHF and LTF were (1.30)%, (0.72)%, and

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(0.65)%, respectively, versus a benchmark of 0.69%. The Short Intermediate Term Fund's (SITF) performance was 0.46% versus a benchmark of (0.14)% for the three-month period ended January 31, 2002. Performance for the Short Term Fund (STF) was 0.58% versus 0.52% for its benchmark for the three-month period ended January 31, 2002. Ms. Iberg reviewed the PUF's and the General Endowment Fund's (GEF) performance attribution for the five-month period ended January 31, 2002, and reported on the returns for the various periods ended December 31, 2001, for the PUF and the LTF against various Russell/Mellon universes. Ms. Iberg also reported on the asset allocation of the PUF and the GEF as of January 31, 2002, comparing actual asset allocation versus the neutral policy allocations. After her report, Ms. Iberg answered the Directors' questions. Ms. Clements joined the meeting at this time.

Alternative Equities - Nonmarketable

The next item presented to the Board of Directors was an update regarding the status of the Alternative Equities-Nonmarketable portfolio. Ms. Iberg and Astrid Noltemy of Cambridge Associates presented the commitment activity and budget for the program for the period of July 1, 2001 through June 30, 2002. Ms. Iberg also presented the program's vintage year returns by asset class vs. Cambridge Associate's asset class universe returns as of September 30, 2001, and answered the Directors' questions.

Asset Allocation Review

Ms. Iberg, Mr. Bruce Myers and Ms. Noltemy of Cambridge Associates introduced a strategic discussion on asset allocation and benchmarks for the endowment funds. The discussion was focused on the multitude of endowment risk factors, benchmark considerations and the underlying assumptions associated with the construction of an endowment fund's asset allocation. Ms. Iberg and the Cambridge representatives answered the Directors' questions during the discussion.

Designation of Key Employee

Ms. Iberg recommended a Corporation employee to be designated as a key employee pursuant to the Corporation's Code of Ethics. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the following employee be added and designated as a key employee of the Corporation:

Trey Thompson, Investment Officer - Private Markets

Approval of Increases in PHF and LTF Unit Payout Rates

Ms. Iberg reviewed the recommendation of distribution increases for the PHF and the LTF. These increases were based upon the distribution policy provisions found in the investment policy statements for the funds. Upon motion duly made and seconded the following resolutions were unanimously adopted:

RESOLVED, that, for fiscal year 2003, the annual distribution rate for the Long Term Fund be increased from \$0.251 per unit to \$0.258 per unit, and the annual distribution rate for the Permanent Health Fund be retained at the current rate of \$.047 per unit, effective with the November 30, 2002 distribution.

BE IT FURTHER RESOLVED, that the 2003 annual distribution rates for the Long Term Fund and Permanent Health Fund be approved and adopted by this Corporation's Board of Directors, subject to approval by The University of Texas System Board of Regents.

Director Request

Director McStay requested that a formal process be created to allow Directors to request certain reports from the Corporation staff, and that this information be included in the agenda for the following meeting. From this request, it was then decided that, when practical, the following process would be followed in accommodating such Director requests: thirty minutes be set aside at each Board meeting for certain topics requested by a Director; the Director would ask for specific information from the Corporation staff via a memorandum to Mr. Riter within thirty days of the Board meeting; and Mr. Riter would then convey the request to the Corporation President and the requested information would be compiled and the topic would be added to the agenda for the next meeting.

Oechsle International Advisors, LLC Presentation

Ms. Iberg then introduced Mr. Peter Robson and Mr. James Macmillan of Oechsle International Advisors, LLC. They reviewed the firm's investment philosophy and the investment strategy for the PUF and GEF's select international equity portfolios. The presenters answered the Directors' questions and then left the meeting.


Beacon Capital Partners Presentation

The next item was an introduction by Ms. Iberg of Mr. Alan Leventhal of Beacon Capital Partners and Ms. Alicia Cooney of Monument Group. Mr. Leventhal reviewed Beacon Capital's background, investment team, performance history and strategy for investment of US real estate assets. He reviewed the expected investment characteristics of their new fund, Beacon Capital

Strategic Partners REIT II, Inc. He answered the Directors' questions and then Mr. Leventhal and Ms. Cooney left the meeting.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately at 1:55 p.m.

Interim Secretary: 
Christy W. Wallace

Approved: 
A. W. "Dub" Riter, Jr.
Chairman, Board of Directors of
The University of Texas Investment
Management Company

Date: 6/17/02